



Health Services
LOS ANGELES COUNTY

August 23, 2016

**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

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Third District

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Fourth District

Michael D. Antonovich
Fifth District

TO: Supervisor Hilda Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **ADVANCE NOTIFICATION OF INTENT TO ENTER
INTO A SOLE SOURCE AGREEMENT WITH
MEDTRONIC USA, INC.**

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Chief Operations Officer

This is to provide the Board with advanced notification of the Department of Health Services' (DHS) intent to return to the Board to request approval of a new sole source Agreement with Medtronic USA, Inc. (Medtronic) for the continued maintenance and support services of the O-Arm Surgical Imaging System (O-Arm) installed at Harbor-UCLA Medical Center's (Harbor-UCLA) Operating Room Departments. Board Policy No. 5.100 requires written notice of a department's intent to enter into sole source negotiations for a Board-approved Agreement at least four weeks prior to initiating sole source negotiations.

Background

Under the authority of the County Purchasing Agent and in accordance with the County's Purchasing Policies and Procedures for a sole-source Agreement, Harbor-UCLA acquired the O-Arm from Medtronic, the sole distributors of this equipment for a total equipment acquisition cost of \$1,617,450, with an extended one-year warranty. The Purchase Order (PO) included an additional year of maintenance through July 24, 2016. This allowed for the required Preventive Maintenance (PM) Services for this equipment to be performed on June 15, 2016 which meets manufacturer's PM requirements through June 14, 2017.

The O-Arm provides excellent image quality, multiple real time, 2D x-ray and 3D cone beam-tomography images to surgeons via navigation and surface scanning. It is specifically well suited to capture real time, on-demand, high contrast images of the length of the spinal column during spinal surgeries with increased imaging details and visualization of the spine for precise vertebral level identification, as well as, real-time tumor localization and surgical hardware placement and reduced intraoperative radiation exposure of patients, surgeons, and operating room staff. The O-Arm is applicable for minimally invasive procedures, endoscopic procedures, as well as larger procedures and enables more opportunities for smaller precise incisions without having to take down muscles to

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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



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Each Supervisor
August 23, 2016
Page 2

expose the spine, during surgical procedures, resulting in better patient outcomes.

Justification

The O-Arm is a stand-alone device that does not store images nor interface with any other DHS system, and therefore, no patient health information is transferred between computer systems within or outside of DHS. It is an integral tool to the surgical team who are striving for best patient outcomes at Harbor-UCLA MC. Without this new Agreement with Medtronic, DHS wouldn't be able to continue maintenance and support services for the O-Arm equipment at Harbor-UCLA MC. Therefore, DHS will proceed with urgency to negotiate and secure an Agreement for the provision of preventive maintenance and support services with Medtronic, the sole-distributor and Original Equipment Manufacturer (OEM) for the O-Arm.

OEMs use proprietary technology in their equipment to ensure that their competitors cannot service the equipment, or to limit the availability of their parts to a third-party. When an OEM's warranty expires, the best means to ensure that the equipment is maintained in accordance with equipment specifications is to contract with the OEM for ongoing preventive maintenance and repair services. In addition to repairs and maintenance support, the equipment's replacement of parts, system upgrades and software updates are also provided by the OEM.

DHS will seek to secure the following among other terms, in the agreement with Medtronic:

- Live 24/7 technical support engineers
- One-hour priority response time
- Access to electronic incident submission and technical documentation
- Advanced replacement or onsite repair of hardware during the term of the Agreement
- Continued registered access to maintenance releases, enhancements/upgrades, corrections, fixes, and modifications made to the Software provided to Medtronic's customers

Closing

Unless the Department is instructed otherwise, DHS will initiate sole source negotiations in four weeks per Board Policy No. 5.100, and will return to your Board for approval of the negotiated Agreement, shortly thereafter. I appreciate your Board's continuing support, as DHS consistently targets advanced and expeditious care for County patients.

If you have any questions, or require additional information, please let me know.

MHK:ld

c: Chief Executive Office
Executive Office, Board of Supervisors
County Counsel